

WAIS Inc

Wide Area Information Servers

Dear Members of the Board:

Conserving cash is not our current issue right now, rather we are concentrating on doing a professional job on our commitments and growing the company.

In the beginning of October, we shipped our second major release of our product: WAIS Server 2.0. This has gone to our customers with good response. It requires more testing and debugging, but is running on customer sites now. This major powerhouse behind this work is Harry Morris.

This last month and the rest of the calandar year is dedicated to growing the company and building 3 new major Internet services:

CMP's 16 trade magazines
DowJones' Dowvision
Reuters feeds

Nov 14 at Comdex
Dec 7 at Internet World
Jan 15

These services are complete services with user registration, browsing, hypertext, and searching. They are to be offered primarily over World Wide Web, but can be accessed by other WAIS clients as well.

Most of the people on these projects are contractors - those that make it through this period successfully will be offered full time employment. The general structure of "Production Manager" as the leader, "Information Engineer", and "Human Interface Designer" as the workers is a functional system, but we have been short full time resources in these areas.

We have found a star in Keira Bromberg, who is leading the CMP project. She is very energetic and demands lots of attention. On the other hand, the project both needs and deserves this level of energy, and dedication. I estimate she is working 70 hours/week. We do not know if she will stay with the company after the project because she lives in Boston and may burn out.

The flow from sales to operations for an online service looks like this:

Sales -----> Production Services -----> Operations -----> Customers
Operations is a weak link for us in that we do not have the skills inhouse to run a professional machine room. We are trying to solve this by: 1) hiring a

system administrator, and 2) work with Jean Christopherson of Ensemble to help design, document, and manage the facility (more on this later).

John Duhring's role as manager of Production Services will be shifted to working with the new sales people in a business development role as we can find the right manager for online services.

The two new sales people are now beginning to make contact with our leads and customers. There will be a dip in revenue as they come up to speed, but given our strong last quarter, this will not hurt the company's finances.

Towards growing the company we have 14 full-time and 7 full-time contractors now. This is up 11/5 since last month's board meeting. We have retained a full time contract recruiter, Jim Wray, who has been helping the process. We are still refining how to bring people through interviews and offers, but we are getting better. To meet our hiring goals with the quality we require, we will have to be very efficient in this process.

Current status of some of our major accounts and contacts. This list is culled from a longer list of important partners with a bias towards how the board can help with strategy and contacts.

Microsoft: Moving along: they are interested in bundling the WAIS server with their WWW server. We are interested in having a limited version distributed far and wide. I talked with engineers on a few projects. We could do a lot there. Next step is moving our technology onto the Windows platform.

Ensemble: We are in active discussions.

PED Software: We have had one business meeting and one technical meeting. They have our client toolkit and said they would "WAIS enable" their App.

Encyclopaedia Britannica: This is moving, but slowly. We had one meeting together going to Mosaic Comm Corp and one for technically getting our engineers in synch. They move very slowly, but we have not been pushing until recently.

Dow Jones: DowVision on the Internet is set to be launched in early December.

Reuters: We are moving ahead on Reuters on the Internet project even though the contract is not signed. This can be a major launching point for us if we can grow the relationship into video, CDROM, etc.

Novell

Sun Microsystems

America Online

Fujitsu

Intel

How we could use the board's help:

Recruiting the best managers.

Contacts with other companies:

With the addition of sales team, in a month, Bruce and Brewster will be able to help craft larger scale relationships.

Microsoft would be the best if we knew how to do that well.

America Online would be helpful if it can be made a close contact-- we are not close enough yet to make a big impact.

Partner for video research/development would be very good (PacBell, other phone companies, possibly a cable company).

Thank you for coming and helping with the company.

Sincerely yours,

A handwritten signature in dark ink, appearing to be 'BK' or 'B Kahle', written in a cursive, stylized manner.

Brewster Kahle